

NATIONAL FOOD AUTHORITY
CORPORATE PROFILE

Prepared by
Corporate Planning and Management Services Department
As of June 30, 2015

I. LEGAL BASES

Presidential Decree No. 4

The National Grains Authority was created through Presidential Decree No. 4 dated September 26, 1972 to promote the integrated growth and development of the grains industry covering rice, corn, wheat and other grains and their substitutes such as but not limited to mongo, soybeans and cassava (Sec. 3, PD 1485) so that it can adequately function as an institution conscious of its social responsibilities and capable of providing adequate and continuous food supply to the nation and contributing to its proper share to national economy.

Section 5.a. (v)

“Device a system by which it can insure the adequacy of supply and stabilization of consumer prices at levels within the reach of low-income families....”

Section 6.a. (ii)

“To maintain and manage a national buffer stock the quantity and locations of which shall be determined by the Authority.”

Section 5.a (iii)

“Procure and control or cause the procurement or control of such stock of grains in quantities and in locations, as foreseeably be needed, to maintain the floor price or manage as buffer stocks to stabilize consumer prices.”

Section 6.a. (xii)

“To establish rules and regulations governing the importation of rice and corn and to license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported rice with the normal prevailing price.”

“The Authority shall undertake the direct importation of rice or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government.”

Section 6.a. (vii)

“To order the seizure, whenever, there is cornering or hoarding, as may be defined by the Authority of rice and/or corn and/or other grains and their substitutes and/or the by-products/end products thereof, including facilities and equipment used in said cornering or hoarding, or whenever there is a scarcity of supply of such commodity in the consumer market and/or any unwarranted increase in the price thereof, of the hoarded commodity and its public sale in such quantity as may be needed to stabilize the supply in the area of scarcity and restore prices to normal levels.”

Republic Act No. 7607 (Magna Carta of Small Farmers)

- **Section 25. Price Support**

“The Department of Agriculture, through its appropriate agencies, shall establish a price support system for certain agricultural products, especially rice and corn, taking into consideration the need to increase the real income of small farmers; provided, however that the price support established shall not result in the increase of the retail prices or such products beyond the paying capacity of the average consumers...”

- **Section 27. Procurement of Agricultural Produce**

“The National Food Authority or any other appropriate agency of the Department of Agriculture which implements the government price support for agricultural produce, especially rice and corn, shall only procure and purchase palay, corn or other agricultural produce directly from small farmers or farmers’ organizations.”

Presidential Decree No. 1770

National Grains Authority was then transformed into the National Food Authority which shall be a government corporation attached to the Office of the President, through Presidential Decree No. 1170 dated January 14, 1981 empowering it with a wider commodity coverage to include in addition to grains, other food items like raw/fresh and/or manufactured/processed/packaged food products.

Executive Order No. 1028

Dated May 31, 1985 provided for further deregulation in the production and trading of food grains and related agricultural inputs.

The price of milled rice is hereby deregulated, and shall no longer be subject to price controls. Provided, however, “That in order to ensure price and supply stability, the government through the National Food Authority, shall whenever necessary, engage in the procurement of palay from farmer-producers at such floor or support prices as it may be determine, for the purpose of stabilizing the price of palay or of maintaining a desirable buffer stock level. Provided, further “that the NFA shall continue to have the exclusive authority, to import rice when necessary and when authorized by the President, and provided, finally, “That the deregulation of the price of milled rice shall take effect on October 1, 1985”.

This resulted in the termination of NFA’s non-grains stabilization and trading activities and the importation of wheat and the distribution of flour shall be open to the participation of and undertaken by the private sector.

Executive Order No. 116

Dated January 30, 1987, this Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Agriculture and Food. The Ministry of Agriculture and Food is hereby renamed as Ministry of Agriculture, hereinafter referred to as Ministry, and hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

The Executive Order detached NFA from the Office of the President and realigned under the Department of Agriculture to respond to policy changes with emphasis on private sector participation towards strengthening of a more free, market-oriented enterprise economy and trend towards liberalization, privatization and deregulation.

Republic Act No. 8178

Known as the Agricultural Tariffication Act which was enacted into law on March 28, 1996, an act replacing quantitative import restrictions on agricultural product, except rice, with tariffs, creating the Agricultural Competitiveness Enhancement Fund, and for other purposes.

Executive Order No. 22

Dated September 9, 1998 authorized the National Food Authority to intervene in the stabilization of the price and supply of basic food items.

Executive Order No. 2

Dated July 13, 1998 transferred the National Food Authority from the Department of Agriculture to the Office of the President.

Executive Order No. 315

Dated November 9, 2000 transferred the National Food Authority from the Office of the President to the Department of Agriculture.

Executive Order No. 41

Dated October 15, 2001 transferring the National Food Authority from the Department of Agriculture to the Office of the President.

Executive Order No. 81

Dated March 11, 2002 transferring the National Food Authority from the Office of the President to the Department of Agriculture.

Executive Order No. 165

Dated May 5, 2014, Transferring the National Food Authority, National Irrigation Administration, Philippine Coconut Authority, and Fertilizer and Pesticide Authority of the Office of the President.

With the approval of the Governance Commission for Government Owned or Controlled Corporations, the NFA shall have the following Vision, Mission, Objectives, Mandate, Core Functions and Reforms.

❖ VISION

The National Food Authority shall have achieved a nationwide sustainable mechanism for ensuring the stabilization of the prices and supply of rice and corn, while increasing the income of Filipino farmers.

❖ MISSION

The National Food Authority shall:

Ensure reasonable rate of return to Filipino farmers, provide adequate supply and affordable rice and corn for the country, and promote the integrated growth and modernization of the rice and corn marketing industry to enable it to compete in the global market.

❖ OBJECTIVES

- To provide appropriate and adequate support to the integration and modernization of the systems and facilities of the food grains industry.
- To provide or cause the availability of marketing and technical services that will ensure food security and stable grains supply and prices; and
- To provide rice farmers with an assured market for their palay, and/or facilitate rice farmers' access to such markets.

❖ MANDATE

- To ensure national food security and stabilize the supply and prices of staple cereals both in the farm and consumer levels.

- a. Food Security through buffer stocking
 - 1. Maintain a minimum of 15-day Strategic Rice Reserve (SRR) year-round in government depots for Food Security purposes in times of calamities and emergencies.
 - 48-hour response time to staple cereal requirements in calamity/emergency stricken areas.
 - Restore or maintain within 2 weeks staple cereal supply and prices at levels immediately prior to a calamity or emergency.
 - 2. Maintain at least 30-day Rice Buffer Stock by July 1 or every year, inclusive of the 15-day strategic rice reserve.
- b. Stabilization of staple cereal supply and prices.
 - Farmgate prices that enable farmers to derive reasonable returns on their investment.
 - Retail prices that are at affordable levels for consumers.

❖ **CORE FUNCTIONS**

- Food Security in staple cereals in times and places of natural or man-made calamity/emergency.
- Stabilization of staple cereal supply and prices.
- Buffer stock management.
- Regulation and enforcement.

❖ **CORE VALUES**

- Integrity
- Professionalism and Fairness
- Excellence in providing the needed services.
- Participative Management
- Rationalized Development
- Productive and Transparent

❖ **NFA Organization**

- The NFA is headed by an Administrator, two (2) Deputy Administrators and two (2) Assistant Administrators.

SUMMARY OF NFA PERSONNEL COMPLEMENT
(As of June 30, 2015)

	Authorized Plantilla Positions	Filled-up Positions
Central Office	615	515
Field Office	3,821	3,329
Total	4,436	3,844
CTI Personnel		
Central Office	84	84
Field Office	316	316
Total	400	400
Grand Total	4,836	4,244

Please see attached NFA Organizational Structure as Rationalized.

THE NFA COUNCIL

The Management of the National Food Authority is vested in an Administrator appointed by the President of the Philippines subject to the supervision of the Council. The powers and functions of the NFA is vested in the Council which has overall responsibility of formulating a comprehensive program for the development of the grains industry.

Chairman	:	Secretary, Office of the President
Vice Chairman	:	NFA Administrator
Members	:	Secretary, Department of Finance Governor, Bangko Sentral ng Pilipinas Chairman, Development Bank of the Philippines\ President, Land Bank of the Philippines Secretary, Department of Trade and Industry Secretary, Department of Agriculture Farmer-representative (non-voting members)

NFA EXECUTIVE COMMITTEE (EXCOM)

Chairman : Administrator
Members : Deputy Administrator for Marketing Operations
Deputy Administrator for Finance and Administration
Assistant Administrator for Marketing Operations
Assistant Administrator for Finance and Administration

NFA MANAGEMENT COMMITTEE (MANCOM)

Chairperson : Deputy Administrator for Finance and Administration
Vice-Chairperson : Deputy Administrator for Marketing Operations
Members : Special Assistant
Office of the Administrator

All Department Managers

President, Group of 15 (Regional Managers)
President, League of Provincial Managers

President or Representative/s, NFA Employees Association

REGIONAL MANAGEMENT COMMITTEE (REMANCOM)

Members : Regional Directors
Asst. Regional Directors
Provincial Managers
Officer-In-Charge
Regional Staff

NFA PROGRAMS

- **Procurement Program -**

NFA buys from individual farmers/farmers' organizations at the government support price. This program is undertaken to ensure and establish manageable buffer stock in line with the agency's function of stabilizing consumer price levels and assuring an adequate and continuous supply of rice. This involves actual procurement from individual and organized small farmers at the following government support price.

NFA Buying Price

- Palay * -P17.00/kg Incentives : CDIF – P0.30
Drying Fee –P0.20
Delivery Fee - P0.20
- Yellow Corn **-P12.30/kg Incentives: CDIF- P0.30
Drying Fee – P0.20
Delivery Fee – P0.20
- White Corn *** P13.00/kg Incentives: CDIF –P0.30
Drying Fee - P0.20
Delivery Fee –P0.20

On September 20, 2012, the Delivery Fee for farmers was likewise increase to a maximum of P0.50/kg based on the distance from farm to the NFA buying stations as follows:

- Within 0-10 kilometers - P0.20/kg or P10.00/bag
- Within 10-20 kilometers - P0.30/kg or P15.00/bag
- Within 20-30 kilometers - P0.40/kg or P20.00/bag
- Beyond 30 kilometers - P0.50/kg or P25.00/bag

- **Distribution Program**

This Program aims to ensure that prices of staple rice and corn are reasonable and affordable to consuming public. This is undertaken through the various distribution strategies wherein rice is sold at different accredited market outlets such as accredited retailers, government agencies, private institutions/others.

- Accredited Retailers – includes Accredited Retailers Inside Markets, Accredited Retailers Outside Markets, all Bigasang Bayan Outlets,

Barangay Bagsakan, Bigasan sa Parokya, Institutionalized Bigasan sa Palengke.

- Government Agencies – includes Department of Social Welfare and Development (DSWD), Philippine National Red Cross (PNRC), National Disaster and Risk Reduction Management Council (NDRRMC), Local Government Units (LGUs), Legislators, PAGCOR, DBM, BJMP, Military Camps Commissary, E.O. 51 employees, other government institutions/agencies/cooperatives.
- Private Institutions/Others– includes Private Company/Corporation employees and cooperatives, KALAHI, Non-Governmental Organization (NGOs), NFA Creditors (PIK), Senior Citizens, other private entities; NFA Rolling Stores, NFA Operated Stationary Stores.

**NFA Selling Price, Ex-Warehouse
Including Container
(in Peso/Kilogram)**

Date of SPB/ Effectivity Date	Variety	Accredited Retailer/Wholesaler/ Consumer	Government. Agencies Cash/Credit	Private Institution Cash
Immediately				
March 27, 2015	25% Brokens IMR	25.00/27.00	25.00/27.00	27.00
	15% Brokens IMR	30.00/32.00	30.00/32.00	32.00
	Upgraded IMR	30.00/32.00	30.00/32.00	32.00
Immediately				
Feb. 24, 2015	Upgraded /Imported Rice with maximum 20% broken kernels	30.00/32.00	30.00/32.00	32.00
Immediately				
Nov. 11, 2014	25% Brokens/IMR	25.00/27.00	25.00/27.00	27.00
Immediately				
May 5, 2014	15% Brokens/IMR	30.00/32.00	30.00/32.00	32.00
Immediately				
Dec. 17, 2013	25% Brokens/IMR/ IFR	25.00/27.00	25.00/27.00	27.00
Immediately				
Dec. 10, 2013	VCDW31	30.00/32.00	30.00/32.00	32.00
	VCDW32	30.00/32.00	30.00/32.00	32.00
	VCD W41	30.00/32.00	30.00/32.00	32.00
Immediately				

July 17, 2013	WDI-A	30.00/32.00	30.00/32.00	32.00
Immediately				
June 11, 2013	25% Brokens/IMR/IFR	25.00/27.00	25.00/27.00	27.00
Immediately	Local Rice			
Jan. 22, 2013	RD 1	25.00/27.00	25.00/27.00	27.00
	HR 1	25.00/27.00	25.00/27.00	27.00
	WD 1	26.00/28.00	26.00/28.00	28.00
	HW 1	26.00/28.00	26.00/28.00	28.00
	WH 1	26.00/28.00	26.00/28.00	28.00

- **Disaster-and-Crisis-Preparedness Program** – a 24-hour Operation Center (OPCEN) is activated during disaster and calamities to ensure the availability of rice within 24 hour response time upon occurrence, and to stabilize rice supply and prices within a two-week period during emergency and crisis situation.
- **Rice Importation** – NFA undertakes rice importation in compliance with WTO conditions/Minimum Access Volume (MAV) for food security and stabilization purposes whose shortfall in rice inventory occurs as a result of the following situations:
 - When there is a shortfall in production or a critical supply-demand gap exists;
 - When the country is in state of calamity/emergency;
 - Other verified reasons that may warrant the need for importation.
- **Farmers Option Buy Back** – farmers have the opportunity to buy back the same volume of palay stocks sold to the agency within a period of six (6) months for resale to traders, millers when palay prices are better than NFA’s support price.
- **Grains Exchange Program for Farmers Organizations and Retailers Association (GEPFORA)** - Under this program, NFA accredited Farmer Organization can deposit their palay at a specified NFA warehouse and sell them in rice form to NFA licensed grains retailers’ associations in another area using NFA’s network of grains retailers associations and NFA’s electronic trading (e-trading) system.
- **Palay Marketing Assistance for Local Government Units (PALLGUs)** – LGUs will enter into a marketing agreement with NFA where the LGU/legislator shall provide a premium amount in addition to the existing

NFA support price, for the purchase of palay from the farmers. The provision of such premium shall entitle the LGUs to the right to buy the subject stocks from NFA. Said stocks may be stored in any designated warehouse for free for four months. If the LGUs was not able to withdraw the stocks after six months of storage, NFA will bid out the stocks.

- **Corn Marketing Assistance Program for Industry Producers/Users – Local Government Units (CMAPIPULGUs)** – a corn marketing assistance program where private sector corn buyers (commercial/industrial users and LGUs) enter into a marketing agreement with the NFA and add a premium to the existing NFA support price for corn bought from accredited individual corn farmers (ICFs)/Corn Farmers Organizations (CFO)s.
- **Institutionalized Farmers as Distributors (I-FAD)** – the program is a take-off from the success of the Farmers as Distributors I, II and III programs. The Farmer Organizations are given opportunity to directly participate in the distribution of imported rice under the IFAD program. Farmers as partners in the implementation of food security and stabilization program of the government shall henceforth be allowed to undertake the distribution of NFA rice, subject to certain rules and regulations formulated by the NFA.
- **Farmer/s Incentive Rice Purchase Program (FAIR)** – This program is a NFA procurement Incentive designed to encourage farmers to sell to the Agency a larger portion of their harvest. This program was conceived to support the NFA’s buffer stock-building mandate in the face of rising ex-farm (commercial) prices of palay which the NFA procurement price remains static and at time uncompetitive. Under the FAIR Purchase Program, farmers shall be entitled to buy from NFA up to 25% of the rice recovery from the palay stocks they sold to the Agency during the previous year. This rice allocation is to be use by farmers for their own consumption during the lean months when prices are relatively high.
- **Corn Development Fund (CDF)** – This is a loan assistance to corn producers and users (maximum of ₱10M) and grants (maximum of P0.5M). The loan can be used for the acquisition, installation and/or improvement of equipment and facilities for production, transport, warehousing and marketing. The grant component is for training, seminars and studies on corn.
- **Enhanced Electronic Trading System (EETS) for Corn** – is a web-based trading system that serves as an information exchange, a clearinghouse services and commodity trading system for corn buyers and sellers, through a network of Designated Depository and Withdrawal Sites (DDWS) and Corn Exchange Centers (CEC) linked electronically with each other through the internet. It provides the mechanism that can help corn sellers link with their market at the right place and right time, for better prices. Corn producers can have access to marketing data that will guide them in getting the highest

prices on their produce. In the same manner, corn buyers can have direct access to available supply and price information on corn deposits of participating corn sellers, and eventually fill their requirements.

- **NFA Post Harvest Facility Assistance Program** – The program is designed to provide farmers priority access to NFA warehouses, milling facilities, mechanical dryers, truck scales at reasonable service rates.
- **The Asset Rationalization Program (ARP)** – The program aims at making significant positive changes on the capital structures of NFA through the most efficient deployment, use and revaluation of the agency's capital assets. It is a total enumeration-review of existing NFA fixed assets, relative to corporate needs and other resources. It is identifying near-optimum use of existing assets and prospective capital expenditures, whenever more are needed.
- **The Irrigated Rice Production Enhancement Program (IRPEP)** - is a sub-programme of the Rapid Food Production Enhancement Programme (RAFPEP), a program of the national government toward rice self-sufficiency funded by a loan from the International Fund for Agricultural Development (IFAD) and a grant from the European Union (EU). NFA's role in the IRPEP is to provide the target beneficiaries with marketing and post-harvest facilities. Under IRPEP, NFA will implement Component 4-Provision of Post-Harvest and Marketing Facilities in Regions 8 and 10 and part of Component 5 through the conduct of two policy dialogues, namely: Grains Supply and Price Stabilization Policy and Food Subsidy Policy. In order to effectively carry out its role, NFA will improve its existing information system and upgrade its post harvest facilities with the necessary funding from the program.

INDUSTRY REGULATION AND DEVELOPMENT

- **Licensing and Registration of Grains Businessmen** – Any person, natural or juridical, before engaging in the rice and/corn business must first apply for a license and/or registration in the prescribed application form, in triplicate copies to be signed by the applicant himself or by his authorized representative. This form can be secured from the NFA Regional or Provincial Office, where the grains business is located.
- **Total Quality Grains Management Program** – this program aims to synthesize existing and potential grains quality control procedures and techniques into an efficient management system for ensuring good quality rice in the agency. NFA shall get rid of low quality milled rice in its warehouses and shall sell only good quality milled rice to stakeholders. It includes the assessment of palay, NFA stocks and non-fortified milled rice stocks, sugar,

corn and by-products. If needed and shall be based on the number of bags subjected to quality audit.

- **ISO Certification**

NFA's Food Development Center was recertified to ISO 9001:2000 as a result of the 6th Surveillance Audit conducted on December 4, 2009. Hence, FDC has continuously complied with the standards set by Certification International Philippines, Inc. (CIPI) and successfully passed the semi-annual surveillance conducted by CIPI auditors, to be recommended for continued certification to ISO 9001:2000. On December 10, 2009, FDC was recognized by the Office of the President, among other government agencies that have attained SOIO 9001:2000 accreditation.

OTHER PROGRAMS

- **NFA Electronic Integrated Financial Operations Management Information Systems (e-IFOMIS)** – is a web enabled on-line information system consisting of NFA operations and financial transactions, that are linked together accessing one database. This encompasses automated and manual processes, procedures, controls, data, hardware/software and support personnel dedicated to the operation and maintenance of the systems, functions. The project also includes multiple application that are integrated thru a common data-based or are electronically interfaced as necessary to meet defined data and processing requirements.
- **The Agricultural Commodity Exchange System (ACES)** – is a program developed into a functional commodity exchanged by the private sector with recognized government interventions in some key areas, like logistics support (communication services, office space, etc.) and manpower resources, at least in the critical stages. The ACES is expected to support the agricultural sector in terms of :
 - (a) Providing farmers a broader base to link with buyers/traders and consumers, thus giving them more opportunity to get better prices for their products;
 - (b) Providing corn buyers and sellers with alternative source and market for corn produce, respectively;
 - (c) Allow corn producers/suppliers/sellers to transact with corn users/buyers through an electronic exchange system;

- (d) Allow corn producers/suppliers/sellers better income through a more efficient system of post-harvest processing that results in the sale of better quality produce and less marketing layers and cost;
 - (f) Educating farmers in the workings of the market thus preparing the realities of global competition.
- **Farmers Assembly “UGNAYAN”** – conduct of a nationwide farmers assembly to inform them of the NFA programs with emphasis on the procurement operations and farmers revalidation and accreditation procedures.
 - **Agri-Pinoy Rice Processing Center (RPC) Program-** The Rice Processing Center (RPC) has the following objectives:
 - 1) Reduce post-harvest or milling losses.
 - 2) Improve the quality of milled rice (head rice increase by 5%).
 - 3) Increase farmers income and productivity.

The RPC has the following components:

- a) Multi-pass rice mill with 65% recovery.
- b) Mechanical Dryers
- c) Warehouse

The RPC is governed by the DA-NFA Memorandum of Agreement on the Agri-Pinoy Rice Processing Center. The Department of Agriculture will provide **₱157.5 M** as working capital and technical capability building to members of the Farmers’ Organizations who are recipient to RPCs. NFA was tasked with maintaining staple grains at affordable level, and providing the farmers reasonable returns on their investments in rice production. NFA was also tasked to handle and manage the DA funds for the RPC’s working capital and technical capability building of RPC officers and members. Thus, the DA-RFO and NFA agreed to jointly implement their various programs and specific responsibilities under the DA-NFA RPC Program.

- **Agri-Pinoy Corn** – The goal of Agri-Pinoy corn is to help ease the pressure on rice consumption during lean months and the objectives is to produce at least 100 T MT of white corngrains. NFA to procure corn based on the DA submitted list of white corn farmers with high production.

